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Implementation of the UNOPS change management process*

Report of the Executive Director

I. Introduction

1. The present report is submitted to the Executive Board following consultation with the Management Coordination Committee (MCC) of the United Nations Office for Project Services (UNOPS), pursuant to paragraphs 5, 6 and 7 of Executive Board decision 2003/27 of 12 September 2003. The report provides a full response to the recommendations set out in the final report of the independent review of UNOPS (DP/2003/40), commissioned by the Executive Board in its decision 2003/4. The annex provides details of progress made in connection with the recommendations. The report reviews the current status of consultations with stakeholders on the mandate and governance mechanisms of UNOPS and on the vision of UNOPS as the service provider of choice within the United Nations system. It summarizes measures underway to develop additional business portfolios, strengthen existing client relationships and build new ones. The report further describes the progress of the change management process now underway, together with benchmarks for 2004.

2. The recommendations of the independent review provide a foundation for shaping the agenda for change at UNOPS. As mentioned in the comments of the Executive Director in the report on the independent review pertaining to the business model and related issues of UNOPS (DP/2003/CRP.19) submitted to the Executive Board at its second regular session 2003, priorities for the first phase of the change process have been grouped into a number of core categories: (a) client relations and

* The latest MCC meeting dedicated to the final consideration of UNOPS reports to be submitted to the Executive Board was held on 9 December 2003.

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estimation; (d) delivery and project management effectiveness; (e) organization and structure; and (f) change planning and management. The initial change phase has also focused, in a limited way, on the mandate of UNOPS. Ongoing changes – including roll out of the Enterprise Resource Planning (ERP) system and introduction of a new performance management system – have also been incorporated into the change management process.

II. UNOPS viability: budget and financial situation, 2003-2004

3. In decision 2003/27, paragraph 2, the Executive Board expressed concern about the financial viability of UNOPS, and encouraged the Executive Director to address business acquisition and the building of new client relationships further. The end-2003 budgetary balance is estimated at $18.5 million, as explained in the report of the Executive Director on the implementation of the 2003 budget (DP/2004/6). It is foreseen that this balance, combined with a projected 2004 income of $44 million, will enable UNOPS to meet its administrative expenditures, finance ERP Wave 2 development, finance planned change management implementation and raise the level of the operational reserve to $6 million by the end of 2004. Thus, as stipulated by the MCC, the estimated 2004 budget in general, and for the change management process in particular, will not draw down further on the operational reserve. To assure that income projections can indeed be realized, and as the basis for sustained long-term viability, UNOPS has identified priority countries for portfolio development in early 2004, and has embarked on a series of consultations with current and potential clients to consolidate portfolios under negotiation and identify new opportunities with clients. However, in the eventuality that portfolio growth and the development of the budgetary situation in 2004 do not support this intent, the Executive Director will revert to the Executive Board with a proposed financing alternative for change implementation.

III. Client relations and portfolio development

4. In late 2003, specific clients were approached to discuss the rapid development of new portfolio opportunities. Within UNOPS, cross-divisional groups prioritized potentially high-yield portfolio acquisition opportunities in specific countries for attention in the first quarter of 2004 and which could have immediate returns in the course of the year. These countries and portfolios will be the focus of negotiations with clients and of inter-divisional field missions. Senior nationals may also be contracted to ensure consistent UNOPS presence in support of implementation, where such a presence does not now exist, and to help build local capacity. While opportunities exist in all regions, countries in Africa and those in post-conflict transition figure prominently in this group. Likewise, discussions have been held with a wide array of current and potential clients to review opportunities or to ensure the highest standards of UNOPS service delivery to them. The UNDP Administrator and the Executive Director of UNOPS have initiated a collaborative effort to foster improved relations between the two organizations. A joint taskforce has been established at the senior level to examine expanded possibilities for partnership. The Executive Director of UNOPS also participated in the October

2003 global resident coordinator/resident representatives meeting. In-depth discussions have also been initiated with UNDP departments managing global and inter-regional funds, and with the Bureau for Crisis Prevention and Recovery on collaboration in post-conflict countries, while further opportunities are also being explored with UNDP regional bureaux.

5. In other developments, plans are underway for a joint exercise with the International Fund for Agricultural Development (IFAD) to develop new standards for project supervision that take into account increased emphasis on achieving results and, in particular, on capacity building of national counterparts in IFAD project countries, while discussions continue to establish a new, mutually agreeable supervision fee. The United Nations Office on Drugs and Crime (UNODC) and UNOPS have signed an agreement to clarify modalities for cooperation, and will be working together in early 2003 to improve financial monitoring and reporting in services provided by UNOPS to UNODC. The United Nations Children's Fund (UNICEF) and UNOPS have agreed to partner in school construction, urban water supply programmes and in selected procurement activities. Senior-level discussions have also been held with the Office for the United Nations High Commissioner for Refugees (UNHCR), the Joint Logistics Centre of the World Food Programme, the World Bank, the Office for the Coordination of Humanitarian Affairs (OCHA), the Office of the United Nations Security Coordinator (UNSECOORD), the Department of Peacekeeping Operations (DPKO) and the Department for Political Affairs (DPA), among others.

6. In addition to the above measures, an interdivisional Strategic Advisory Team within UNOPS is working to draft a framework for client relationship management and a longer-term strategy for management of business acquisition and portfolio development, which will require the establishment of clear business management and development goals for all portfolio management teams and which will be included in the roll-out of the new performance management system to be implemented in the first quarter of 2004. The recommendation of the independent review for the establishment of performance indicators for business development has already been incorporated into the job descriptions developed for management positions now under selection for operations divisions. UNOPS will also establish a process of regular and systematic review and consolidation of its pipeline opportunities and of changing market trends. This will enable better projection of future revenues, provide coaching to portfolio teams on securing opportunities, and promote knowledge-sharing across the organization on how to realize new opportunities. It will also facilitate the prioritization of opportunities and of the scarce resources at the disposal of UNOPS for the pursuit of new portfolios. Other change management initiatives, such as establishing a new fee-setting mechanism and restructuring UNOPS to eliminate inter-divisional competition, are geared towards promoting portfolio growth and enhancing the quality of service provision.

IV. Mission, vision and values

7. Behind the commitment to portfolio growth and high-quality service is a redefinition of the mission, vision and values of UNOPS, intended to unite UNOPS staff around a common purpose and ideals. In October 2003, a cross-functional Strategic Advisory Team submitted its recommendations on a new vision, mission

and value statement for UNOPS, which emphasizes dedication to clients, teamwork, flexibility and commitment to excellence. Refinement of these recommendations is a work in progress, but the current vision statement states that, "By 2007, we would like UNOPS to be known for the following":

Service provider of choice	➢ We are the trusted service provider of choice for a wide range of clients within and beyond the United Nations system. ➢ Our hallmark is quality. ➢ When clients hire UNOPS, they know that they are hiring a partner with professionalism, creativity, and vision.
Clients first	➢ We put our clients first in everything we do. ➢ They are confident that we know them and their mandates, missions and goals.
Integrity and transparency	➢ Clients appreciate our integrity and transparency – they know that they are getting the best services at the best possible price. ➢ It is easy to do business with UNOPS, monitor our delivery and understand our fee rates.
Guaranteed results	➢ We deliver – our clients know that they can count on us to achieve results for them. ➢ We recognize that for our clients it is not only the project that is on the line, it is their reputation too.
Cutting edge	➢ We are known for our innovation and creativity, and our ability to develop and share with our clients state-of-the-art knowledge and skills. ➢ Our clients know that we are ready to help them to meet new challenges in a constantly evolving environment.
Best of both worlds	➢ UNOPS combines the United Nations commitment to public service, capacity-building, diversity and equitable development with the drive and competitive edge of the private sector. ➢ We are proud of proving that a self-financing entity within the United Nations system is viable.

V. Mandate and governance

8. In the report on the independent review (DP/2003/40), it is recommended that, "the Executive Board should change the UNOPS mandate to permit implementation of projects and programmes on behalf of recipient governments for donor-funded programmes and projects". In its decision 2003/27, the Executive Board also requests the Executive Director to facilitate the "Executive Board's consultation with UNOPS and all relevant stakeholders" and report on this "broader consultation process" related to "the key question of long-term sustainability of UNOPS, which is linked to broader issues such as vision, mandate and governance". These consultations are at a very preliminary stage, and a full review of the UNOPS mandate will only be presented to the Executive Board at its annual session in June 2004. However, as an interim measure, the MCC has endorsed direct collaboration of UNOPS with regional development banks. This proposal is thus presented for Executive Board consideration at its first regular session in January 2004. If approved, UNOPS would periodically report to the Executive Board on such

operations and procedures. Currently, within agreements established with the World Bank, UNOPS is providing services to some governments that are implementing initiatives funded by World Bank grants and loans. Other regional development banks, although not part of the United Nations and Bretton Woods systems, operate within the spirit of similar multilateral principles. Thus, it is proposed that where UNOPS is judged by regional development banks and their recipient governments as the best entity to provide required services in areas of its mandated competence, UNOPS should be allowed to enter directly into service relationships with these multilateral entities. UNOPS would keep the United Nations mission head and/or resident coordinator/resident representative fully informed of such negotiations and would advise the resident coordinator/resident representative of other substantive opportunities for collaboration between United Nations organizations and regional development banks, where such opportunities go beyond the operational services provided by UNOPS.

9. Since the second regular session 2003 of the Executive Board, UNOPS has not yet begun to explore with stakeholders the governance issues raised in the independent review (DP/2003/40) and by the Board itself. Such matters include the role of and membership in the MCC, as well as the recommendation in the independent review for a separate Executive Board segment for UNOPS as a common service agency. These issues will also be presented to the Executive Board at its annual session in June 2004.

VI. Business process improvements

10. Several recommendations in the independent review related to UNOPS pricing of the services that it delivers to its clients. One of these recommendations was that the UNOPS business model should be "based on fees established related to the level of effort required for the delivery of services". In the current environment, fees within project portfolios are often based on an overall percentage of the delivery amount, which may have no true relation to the actual level of effort required, or to the cost incurred to deliver the services. The Strategic Advisory Team on project pricing and cost estimating has made initial recommendations on how UNOPS can become more transparent in its pricing practices, can introduce standard rate sheets for project implementation services and can improve its internal capabilities for understanding the costs of delivering its services. Based on its recommendations, UNOPS will endeavour to institute a time reporting system in 2004. This will represent a significant cultural shift within UNOPS and will introduce enhanced levels of accountability. Support will be provided to staff to make the transition to this system, which will enable the organization to track budgeted time versus actual time spent delivering work and to establish benchmarks against which performance can be measured and future work more effectively costed. The new ERP software has a time reporting capability that can be developed for this purpose. An initial standard rate sheet has been developed and is expected to be implemented in 2004. Staff training on the use of the rate sheet and on oversight of the process of setting rate standards will be required.

11. The independent review noted the need to standardize the way in which UNOPS conducts its business and financial monitoring practices throughout the world, which would help to meet client demands for greater consistency in service

delivery. A team of UNOPS colleagues is developing project management standards, common tools and templates to be used internally and which support the entire lifecycle of a project – from the initial stages of identifying an opportunity through the implementation of services and post-project evaluation. Several good methodologies exist within UNOPS today, but they are not widely known or shared. Other opportunities for standardization of UNOPS-client interfaces are being examined, for example, in reporting, by providing a menu of standard reporting options to clients, rather than creating a new reporting format for every new project undertaken. As the organization improves its project management standards, UNOPS colleagues will have the opportunity to become certified as project managers. Certification will provide not only recognition of the quality of existing UNOPS project and portfolio managers, but also motivation for those working to achieve this designation.

12. The independent review identified the utilization of a new performance assessment process with clearly defined standards and measurable outputs as a priority for UNOPS to "move forward". Such a system should aim at a "culture that promotes knowledge management, information sharing and behaviour that is focused on client delivery and the overall 'good' of the organization." In line with these requirements, UNOPS has piloted a new performance appraisal and reward system, the Performance Management and Development System (PMDS), in its Copenhagen and Kuala Lumpur offices since early 2003. PMDS allows for quantifiable feedback along standardized competencies as well as individual goals, interim feedback sessions after six months and provision for rewards. Preliminary feedback received from the two pilot offices suggests that staff is in broad agreement with the new system, paving the way for the planned organization-wide introduction in 2004, subject to final evaluation of the two pilot offices, the development of an intranet-based form and extensive training of staff and managers.

13. As noted in the report on the independent review, UNOPS has to invest in new systems and information technology infrastructure. UNOPS is investing in an integrated, Internet-based PeopleSoft ERP system, with the first wave to go live on 5 January 2004. Significant time and effort have been invested in basic ERP training and in identifying potential risks related to business interruption in the early roll-out phase. In adopting ERP, UNOPS hopes to reduce high system maintenance costs and integrate currently dispersed and isolated information systems. Successive ERP waves will be introduced in mid-2004 and in 2005. In light of these system developments and of planned decentralization of UNOPS operations as described below, the development of a knowledge management system and policies is now essential and foreseen for 2004 within the change management plan and budget. It is foreseen that the information-and-communication-technology–related aspects of the knowledge management strategy will incorporate the development of a content management and document management system. The content management system will provide the central repository for UNOPS information and will also feed into UNOPS web sites, which will be redesigned to accommodate internal and external knowledge-sharing needs.

14. In line with these improvements, UNOPS will also change its outmoded e-mail systems and systems used to maintain and update the UNOPS Internet and intranet. Procurement and financial management practices are yet other fields requiring future attention as part of this systematic review of major business processes. To ensure realignment of the organizational culture with the new vision and business

model, UNOPS will invest in a number of staff training and capacity development programmes in 2004, including change management basics, knowledge sharing and collaboration, managing for quality, team effectiveness and high-performance leadership. These initiatives respond to independent review recommendations that call for greater investment in the human resources of UNOPS.

VII. Organizational restructuring

15. The independent review recommended strongly that UNOPS restructure in order to improve the quality of services to clients, clarify lines of authority and accountability and promote an internal culture of teamwork and collaboration. In line with this recommendation, a Strategic Advisory Team, composed of staff members from across the UNOPS spectrum, recently undertook a criteria-based analysis of the current organizational structure and interactions with clients, and made recommendations for change after consulting widely with staff. The consultations with clients mentioned earlier in this paper also ensured that their views were taken into account. After review with the MCC, the Executive Director has approved a series of structural and organizational changes aimed at facilitating a strong client focus at both corporate and service delivery levels, enhancing portfolio development, management and delivery, ensuring clear lines of accountability and promoting capacity development, knowledge networking and team spirit within UNOPS. UNOPS headquarters will remain in New York. The current mix of thematic and geographic operational divisions will be replaced by six divisions: five geographic and one global/inter-regional, directly overseen by the Director of Operations/Deputy Executive Director. All geographic regional offices will be located in the regions that they serve, necessitating decentralization of some divisions now headquartered in New York. Client relations, business strategy development and public information will be coordinated from the Executive Office, although all operational divisions will have responsibilities in these core functions. Legal services will also report directly to the Executive Director.

16. The structure and functions of support service divisions (Finance and Administration, Human Resources, Information and Communication Technology and Procurement) will be realigned to reflect requirements for strategic functions and standard-setting at the corporate level, for relocation of selected processing functions to low-cost centres and for appropriate direct support services to be provided at the delivery level within the network of operational divisions. The Executive Director endorses the proposal of the Strategic Advisory Team that a position of Director of Support Services/Deputy Executive Director be created at the D-2 level in due course to oversee the support services divisions (now directly supervised by the Executive Director). The MCC likewise supports this as essential, but has advised that action on this matter be suspended for the present, given the constraints that UNOPS currently faces in its budget and financial prospects for 2004. Thus while the Executive Director wishes to inform the Executive Board of the necessity of creating this post at the D-2 level in the medium term, the proposal will not be submitted for consideration by the Board at this time. As an interim measure, an existing D-1 post will be designated as team leader of this group of divisions.

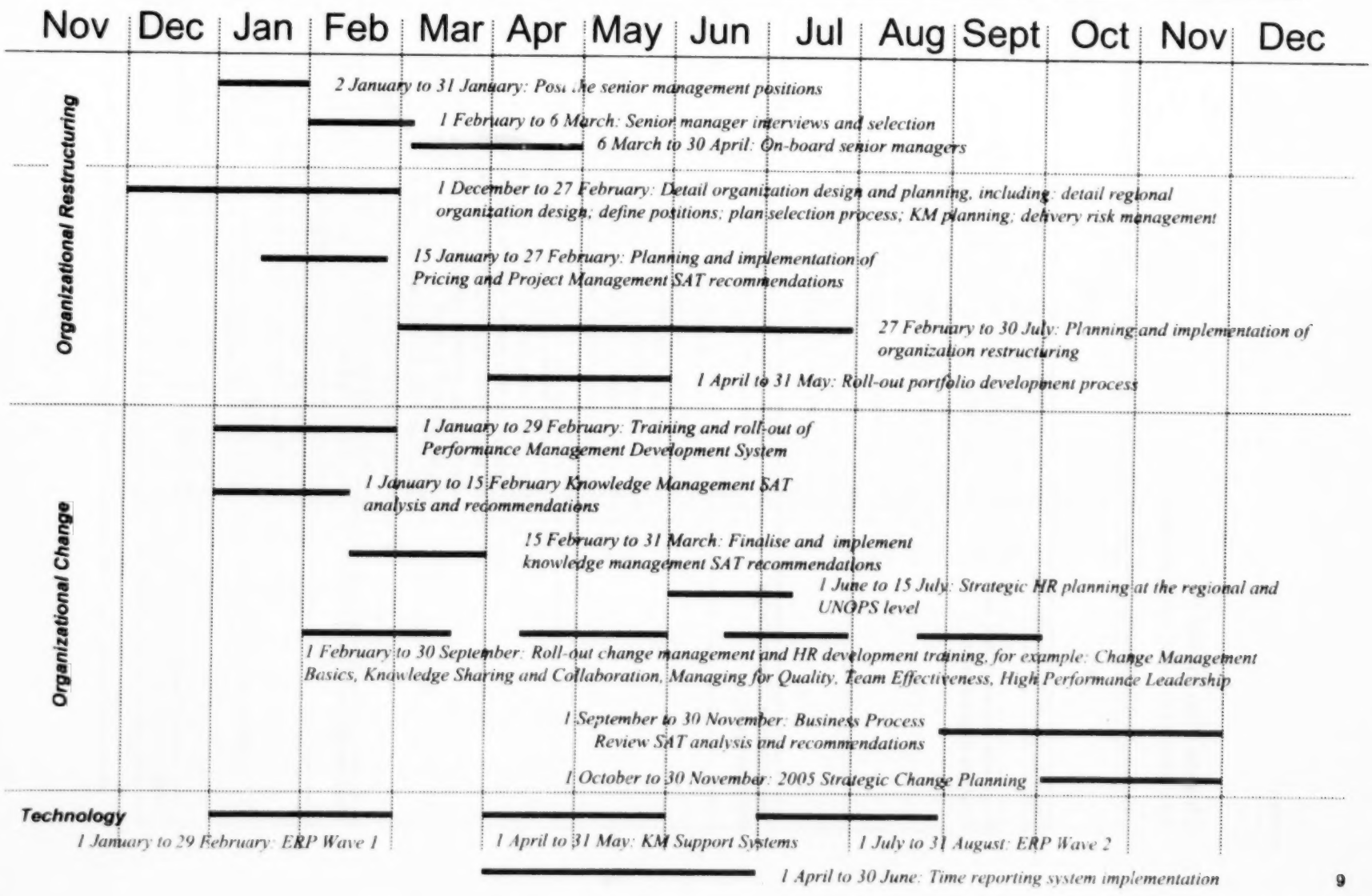
17. As endorsed by the MCC, UNOPS has issued vacancy notices for management positions within the new UNOPS structure to be implemented in 2004. Overall revisions to the structure will impact both professional and general service staff, with the largest impact likely to be on non-mobile UNOPS staff in the latter category. UNOPS is instituting a series of support measures to assist staff through the transitional period.

VIII. Change management: timetable and budget summary

18. The year 2004 will be one of transformation and building for the future of UNOPS. By the end of the year, UNOPS will have: (a) established a new management team; (b) reorganized operations to be closer to clients, more cost effective, more responsive and with clearer lines of accountability and authority; (c) implemented new processes for pricing and delivering its services and managing the portfolio development pipeline; (d) developed a strategic human resources plan and implemented a new performance management system; (e) initiated new knowledge management processes and technology; and (f) established a global ERP-based technology infrastructure. The change plan is intentionally aggressive in 2004 so that UNOPS can move through the reorganization process as quickly as possible and look forward to 2005 as a year in which the viability of UNOPS as a self-financing entity will be irrefutable. The 2004 timetable for major components of the change process is provided below, immediately followed by an annotated budget for the 2004 change plan.

2004 UNOPS Transformation Plan

Time Table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Organizational Restructuring
2 January to 31 January: Posi..he senior management positions
1 February to 6 March: Senior manager interviews and selection
6 March to 30 April: On-board senior managers
1 December to 27 February: Detail organization design and planning, including: detail regional organization design; define positions; plan selection process; KM planning; delivery risk management
15 January to 27 February: Planning and implementation of Pricing and Project Management SAT recommendations
27 February to 30 July: Planning and implementation of organization restructuring
1 April to 31 May: Roll-out portfolio development process
Organizational Change
1 January to 29 February: Training and roll-out of Performance Management Development System
1 January to 15 February Knowledge Management SAT analysis and recommendations
15 February to 31 March: Finalise and implement knowledge management SAT recommendations
1 June to 15 July: Strategic HR planning at the regional and UNOPS level
1 February to 30 September: Roll-out change management and HR development training, for example: Change Management Basics, Knowledge Sharing and Collaboration, Managing for Quality, Team Effectiveness, High Performance Leadership
1 September to 30 November: Business Process Review SAT analysis and recommendations
1 October to 30 November: 2005 Strategic Change Planning
Technology
1 January to 29 February: ERP Wave 1
1 April to 31 May: KM Support Systems
1 July to 31 August: ERP Wave 2
1 April to 30 June: Time reporting system implementation

Change Plan for 2004

Annotated summary of budget estimates

Item	Detail	Budget Estimates (USD)
Organizational Restructuring	HR Separations and Relocation costs	5,400,000
	Equipment for new offices	400,000
Business Development and Process Improvement	Portfolio development, including: hiring qualified national staff to develop local relationships and opportunities; funding for missions to secure opportunities in high priority countries	1,000,000
	Support for the development of improved project management standards and tools to enhance the quality of service delivery	70,000
	Rollout support for the new Performance Management and Development System (PMDS)	30,000
New Systems / Technology Infrastructure	ERP - ($ 4.1 million included in 2004 budget as recurring expenditure, therefore not budgeted here)	-------
	E-mail and Internet upgrades, including the addition of a dedicated webmaster for maintaining the UNOPS intranet and internet sites; implementation of a revised email system to improve system stability; and development of the internet site for use as a viable client interface	500,000
	Knowledge Management (with Content and Document Management Systems), including funds for subject matter experts to assist in the development of the knowledge management approach, associated software, and training and implementation support	460,000
	Time Reporting System, including data and systems configuration training development, system implementation and user support	240,000
Realigning the UNOPS Culture	Leadership development programme and on-boarding process for new leadership team	125,000
	Team effectiveness, financial acumen, and change management training development and implementation	125,000
	UNOPS internal culture baseline survey, culture and values alignment and measurement programme	$50,000
Total		**8,400,000**

Annex
Status of Action on Recommendations of the Independent Review
January 2004

#	Recommendation	Area of Focus	Status
R47	Recommendation No. 47. The UNOPS Executive Director should make clear to all staff and management the potential for and serious consequences of sufficient commitment to participation in a change management process designed to revitalize UNOPS.	Change Management	The Executive Director has established an overall change management plan, using the recommendations from the Independent Review as a starting point. Staff have been asked to volunteer for a number of teams recommending improvements to be made within UNOPS, and a communication strategy including face to face meetings and teleconferences, email communication, and other communication initiatives, has been regularly used to update all staff on the progress of the change initiatives.
R48	Recommendation No. 48. In order to ensure an anticipatory or proactive response to the changes anticipated by this report and to mitigate the inevitable resistance to change, UNOPS should prepare a change management plan detailing the sequence of events and responsibilities for ensuring that each activity is adequately addressed.	Change Management	
R53	Recommendation No. 53. UNOPS should reflect the discipline required in revenue dependent business model by limiting administrative expenses to the available notional cash flow related to expended level of effort in project delivery.	Change Management	Series of measures identified to limit and reduce expenses while aggressively pursuing new portfolio acquisitions.
R58	Recommendation No. 58. To restore the long term viability and sustainability of the business model, UNOPS should establish target amounts for promotion reinvestment, training and rebuilding the operational reserve and incorporate these into the administration expense planning and budgeting process.	Change Management	Incorporated into plan & budget for 2004
R54	Recommendation No. 54. The UNOPS business model should include the discipline of an operational reserve revolving fund line of credit. The line of credit drawdown also serves as a key operational performance indicator.	Financial health	The Executive Director has included in the 2004 budget amounts to replenish the operational reserve to a level of $6 million. It is intended that change management requirements for 2004 will be met from available resources.
R55	Recommendation No. 55. The UNOPS business model should set as a target the rebuilding and maintenance of a strategic reserve revolving fund of approximately ten million dollars.	Financial health	
R57	Recommendation No. 57. The Executive Director should seek bridge financing to cover the cost of restoring the financial health of UNOPS and ensuring the viability and sustainability of the agency.	Financial health	
R29	Recommendation No. 29. The UNOPS Executive Director should take the necessary actions to ensure that the implementation of ERP/PeopleSoft is properly planned, resourced and carried out so that that the many deficiencies of the current IMIS-based system are addressed.	ERP	The Executive Director went through an initial risk assessment process shortly after joining UNOPS, and based on that review approved an additional budget allocation to be used for ERP in 2003. All staff are being trained in the new ERP software and its associated impacts. The overall ERP implementation (UNDP/UNFPA/UNOPS combined) has faced challenges in the weeks prior to the go-live date, with delays in testing and data conversion, over which UNOPS has no control. The Executive Director has requested that each division identify any client related risks and issues the rollout may cause, to develop mitigation strategies accordingly, and to request any assistance from the Directorate they may require in mitigating those risks.
R30	Recommendation No. 30. The UNOPS Executive Director should ensure that the issue of the continued need for the current suite of UNOPS "black book" or "shadow" systems is explored and addressed as part of the move to ERP/PeopleSoft.	ERP	
R32	Recommendation No. 32. UNOPS take the necessary actions in both the interim period, and post PeopleSoft to institute a more business like and periodic approach to monitoring and managing income and expenditures. Such an approach must be based on timely and accurate information.	ERP	
R35	Recommendation No. 35. UNOPS should immediately conduct an ERP implementation "readiness/risk assessment", in consultation with the system integrators, as required, to identify the highest technical, business and human risks as well as opportunities to	ERP	Adequate provision for roll out of ERP Wave II has been made in the 2004 budget

Annex
Status of Action on Recommendations of the Independent Review
January 2004

#	Recommendation	Area of Focus	Status
R36	Recommendation No. 36: Once the readiness/risk assessment is completed the UNOPS Executive Director should ensure that sufficient resources are made available to address the issues raised.	ERP	
R43	Recommendation No. 43: The change management team for the introduction of ERP systems to UNOPS should include a senior procurement officer with strong information technology background to ensure that the new systems fully support procurement operations and incorporate E-commerce processes.	ERP	
R27	Recommendation No. 27: UNOPS develop, in consultation and negotiation with the landlord, as required, a much more aggressive strategy to either sub-lease a substantial portion of the Chrysler premises for the long term or to break the Chrysler lease.	Rental premises	These items were prioritized for future development, although UNOPs continues to market the Chrisyler Building space and has offset nearly $1 million in rental costs for 2004. These items will be managed as part of the on-going change management program in 2004.
R28	Recommendation No. 28: The Executive Board, depending upon the specific strategies recommended by UNOPS management, assist in communicating and encouraging the availability of Chrysler Building space to other UN organizations.	Rental premises	
R01	Recommendation No. 1: The Executive Board should change the UNOPS mandate to permit implementation of projects and programs on behalf of recipient governments for donor funded programs and projects.	Mandate/ Governance	Mandate: Initial discussions have been held with the MCC and Executive Board members (in informal sessions) on mandate issues. As an interim measure, the Board is requested to approve direct UNOPS collaboration with regional development banks. Other mandate questions will be discussed with stakeholders and presented for consideration of the June 2004 Executive Board session.
R18	Recommendation No. 18: The MCC should continue but the UNOPS Executive Director should become the Chair. Membership of the MCC should be revised to ensure that a broader array of UN clients, users, and potential users be included, and that members are of the competence and level to ensure that the fiduciary and accountability responsibilities of UNOPS will be fulfilled.	Mandate/ Governance	Governance: Issues to be presented to the June 2004 Executive Board session, after discussions with all relevant stakeholders.
R19	Recommendation No. 19: The role of the MCC should be to provide strategic direction in business development, to ensure best practices and to ensure that UNOPS continues to be viable.	Mandate/ Governance	
R20	Recommendation No. 20: A separate segment of the UNDP Executive Board should be created to deal with UNOPS. The Executive Board should recognize its responsibilities for UNOPS in its title as Executive Board for UNDP/UNFPA/UNOPS.	Mandate/ Governance	
R21	Recommendation No. 21: The role of the Executive Board should be to provide oversight and to foster the continued development of UNOPS as a common service agency. The Board should actively encourage UN agencies to use UNOPS or allow UNOPS to compete on administrative and implementation activities, and to avoid duplication by others of activities that should be developed within UNOPS.	Mandate/ Governance	
R03	Recommendation No. 3: UNOPS should consider decentralizing Portfolio Management Teams to the geographic location that will provide the best service to clients.	Organization Structure	Several actions have been taken regarding the organization structure and summarised in this document. Longer term efforts related to strategic assessment capabilies and the business development function are still be worked in the context of the new organization structure.
R04	Recommendation No. 4: UNOPS ensure that it maintains a strategic assessment capability to constantly reassess the needs for its services and to ensure that it maintains the services and capacities required to keep it current with the evolving needs of its clients.	Organization Structure	

Annex

Status of Action on Recommendations of the Independent Review

January 2004

#	Recommendation	Area of Focus	Status
R05	Recommendation No. 5: UNOPS develop a business development function staffed with an individual with extensive experience in business development. In addition future performance indicators for both Division	Organization Structure	
R06	Recommendation No. 6: UNOPS organizational structure should be redesigned with fewer divisions, to eliminate the thematic and geographic overlaps. In essence, UNOPS should comprise five geographic operational divisions and a corporate division: Americas (NY), Europe (to be determined), Asia (KL), E&W African (Nairobi, Dakar). The corporate division should remain in NY.	Organization Structure	
R10	Recommendation No. 10: Staffing in the future should take into consideration the need to address the gender imbalances within the Professional and General Services staff groups within UNOPS.	Organization Structure	Noted -to be followed up in hiring and recruitment practices.
R07	Recommendation No. 7: UNOPS should cultivate, through policies, tools, performance appraisal and senior management leadership, an organizational culture that promotes knowledge management, information sharing and behavior that is focused on client delivery and the overall "good" of the organization.	HR	UNOPS is implementing an enhanced performance management system as of the start of its next performance review cycle beginning 1 February 2004. All staff and managers will receive training on the new system, including information on how to appropriately give feedback, which will be used to help set performance goals for the upcoming year as well as to review performance for the previous year. The performance management discussions between managers and staff provide a formal opportunity to discuss career paths in addition to the informal meetings that should be occurring on a regular basis. The implementation of 360 feedback is anticipated to be rolled out as part of the second wave of the new performance management system.
R11	Recommendation No. 11: Management should carefully review tasks that are being assigned to staff and ensure that these are consistent with job profiles.	HR	
R14	Recommendation No. 14: Managers in all offices responsible for staff performance appraisal reviews should receive concentrated training on the proper utilization of performance review as a management tool.	HR	
R15	Recommendation No. 15: Performance reviews should be given by staff on the performance of managers (360 degree feedback).	HR	
R16	Recommendation No. 16: When time and resources permit, career paths for all staff should be assessed to determine what solutions/career plans might be possible.	HR	
R17	Recommendation No. 17: As resources become available, professional development/ training plans should be developed for managers and staff so as to enhance the ability of UNOPS to deliver value-added services to clients. For staff, the plans could include field visits and other types of "hands-on" training opportunities, if this could be accomplished without negative budget implications and with client concurrence.	HR	Investment in HR development and knowledge networking is beginning again. This recommendation will be incorporated into HR planning.
R08	Recommendation No. 8: That UNOPS consider, as part of its human resource strategy, increased use of low cost and short to medium term staffing mechanisms to supplement UNOPS' base staffing complement during peak periods and use of retainer-type arrangements in situations where specialized expertise is required for a short duration.	HR	For future development.
R09	Recommendation No. 9: The Executive Director of UNOPS should ensure that the DHRM is supported to focus on HR issues, policies, procedures and practice.	HR	Review initiated in 2003. To be incorporated into 2004 change calendar.
R02	Recommendation No. 2: The Executive Board and the Secretary General should once again encourage the UN Secretariat, UNDP, and other UN entities to consider using UNOPS as an executing/ implementing agency where practical.	Business model	UNOPS is acting itself to quickly identify new business opportunities for 2004 while also developing a long term strategic approach to its current and potential markets. A process has been developed and will shortly be implemented to regularly and systematically review the pipeline of portfolio development opportunities, and members of the portfolio management teams will be given portfolio development targets as part of the new performance management process being developed within UNOPS. The Executive Director has also met individually with members of UNDP, including the Administrator, regarding opportunities for UNOPS to provide implementation services.

Annex

Status of Action on Recommendations of the Independent Review

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#	Recommendation	Area of Focus	Status
R46	Recommendation No. 46. The Executive Director should seek confirmation from the Executive Board that the revenue dependency business model, together with all its implications in terms of changes, removal of barriers and lessening of restrictions should be the approach to establishing long-term viability and sustainability of UNOPS.	Business model	The changes that UNOPS is initiating in its business practices and organisational structure are designed to strengthen the revenue dependent business model. This issue will be presented to the June 2004 Executive Board session.
R26	Recommendation No. 26. A UNOPS policy statement should be prepared that requires portfolio managers to use the newly created "Universal Price List" as a comparative base for determining the most cost effective approach to providing UNOPS services.	Pricing	A team of UNOPS colleagues has made initial recommendations for 2004regarding the improvement of pricing UNOPS services it provides to clients. The recommendations include pricing based on a standard set of rates for personnel by level, level of effort required and a factor of risk. The team has also recommended that UNOPS move to a time reporting system to allow more accurate analysis of costs and pricing of services and to increase accountability for delivering on time and on budget. The move to a time reporting system will take place as soon as a technical solution that fits with the ERP software can be identified and implemented.
R33	Recommendation No. 33. UNOPS should move towards a basis of project cost calculation that is based on level of effort, costs incurred and an overhead rate that is reflective of market condition and risk to the organization.	Pricing	
R49	Recommendation No. 49. The UNOPS business model should be based on fees established related to the level of effort required for the delivery of services.	Pricing	
R50	Recommendation No. 50. To support the fee for service business model concept, UNOPS should introduce a system to track time for project related activities.	Pricing	
R51	Recommendation No. 51. The UNOPS business model should include the preparation of fee for service proposals for projects.	Pricing	
R52	Recommendation No. 52. UNOPS business model should progressively reflect a system of projecting revenues related to contracts and proposals for fee for service and agreed level of effort.	Pricing	
R39	Recommendation No. 39. The procurement of goods, works and contracting for services should be a UNOPS core competence, following international public procurement standards, low cost and responsive professional public procurement service and should use state of the art procurement and contracting processes supported by information technology and E-commerce.	Procurement	A team of procurement professionals has analyzed the procurement function and responsibilities within UNOPS and made initial recommendations for improvement. They have also launched "Pro-Net", a web-based procurement community of practice, to establish a network of practitioners with the organization to exchange procurement ideas, provide internal procurement support, and also to begin upgrading procurement skills. The team making recommendations on a new organization structure has also recommended strengthening corporate procurement policy, oversight and standards through a fully-developed Procurement Division in Copenhagen, an already-established procurement hub for UNOPS and other UN agencies, which would also undertake major complex procurement for the organisation as a whole. A portion of the change management budget has been allocated in 2004 to improve the procurement function through technology and process upgrades as well. Pursuing a longer-term arrangement with IAPSO was not considered an initial priority but is expected to be addressed in the second half of 2004.
R40	Recommendation No. 40. Responsibility, authority and oversight for procurement of goods and services should be centralized, reporting to a chief of procurement services. Delegation of operational authority should be assigned to specific positions or persons, at the regional or project level, to meet specific client needs for timelines, efficiency and effectiveness. The delegation of authority should be subject to specific financial and duration limits.	Procurement	
R41	Recommendation No. 41. Professional personnel engaged in procurement should have formal procurement training and should demonstrate competence and ability to conduct professional procurement.	Procurement	
R42	Recommendation No. 42. UNOPS procurement professionals should encourage, and actively promote cooperation with other procurement offices of the UN, in particular IAPSO, to take advantage of existing prices, terms and conditions negotiated under any supply arrangement with UN suppliers.	Procurement	
R44	Recommendation No. 44. UNOPS procurement professionals should devise and produce a web-based UNOPS procurement handbook and a UNOPS procurement-training program. Changes and updates to the new manual and training requirements should be promulgated.	Procurement	

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Status of Action on Recommendations of the Independent Review
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#	Recommendation	Area of Focus	Status
R45	Recommendation No. 45: UNOPS should consider formalizing an arrangement with IAPSO with a longer-term view of reducing overlap and duplication between UNOPS and UNDP operations.	Procurement	This is a priority for 2004
R12	Recommendation No. 12: Corporate-wide policies, procedures, tools and templates should be updated or created and supported by professional development training modules to ensure high quality, consistent levels of service delivery.	Project Management Effectiveness	A team of UNOPS colleagues is finalizing their recommendations on a standard process and templates to be used across UNOPS for managing the acquisition of new projects and the project acceptance process, the implementation of those projects, and the post-implementation review. This lifecycle of project management activities and associated training will be rolled out in the first quarter of 2004. The rollout in the first quarter will be part of a continuous improvement effort, with subsequent waves to include revisions to financial policies and procedures (also impacted by ERP) and the move toward certification for portfolio team members in internationally recognized project management standards.
R13	Recommendation No. 13: Additional "indicators of success" should be incorporated into the performance reporting requirements to broaden the UNOPS focus on results for clients. These should also include internal support functions to other offices/projects/etc.	Project Management Effectiveness	
R31	Recommendation No. 31: UNOPS ensure, as a matter of corporate policy, that the financial reporting requirements of clients are well understood prior to acceptance and start of the project so that actions can be taken to ensure client needs are met.	Project Management Effectiveness	
R34	Recommendation No. 34: UNOPS should revamp the current project acceptance process into one that is based on the assessment of a comprehensive set of criteria and carried out in a more efficient, business-like, professional and transparent manner.	Project Management Effectiveness	
R37	Recommendation No 37: The complete suite of UNOPS financial policies and procedures should be revamped and developed to support good financial principles.	Systems & Procedures	Planned for implementation in 2004
R38	Recommendation No. 38: UNOPS should work towards establishing or building processes and an environment where corporate policies and procedures, especially those related to financial transactions and financial management, are well understood and consistently applied.	Systems & Procedures	
R22	Recommendation No. 22: The eventual MOU with UNDP for central services must clearly stipulate the services to be provided by UNDP, the service standards/levels to be expected, the basis upon which costs will be determined, the cost drivers, the roles and responsibilities of each organization, and the protocol for expeditious escalation and resolution of conflicts.	UNDP Services	The recommendations related to services provided by UNDP were not considered an immediate priority in the change management plan, although it is anticipated that these will be addressed during 2004. The UNDP Administrator and the Executive Director of UNOPS have initiated a collaborative effort to foster improvement of general relations between the two agencies. An interagency taskforce has been established, of senior representatives from each entity, to examine opportunities for partnering and to continuously improve relations. This taskforce is also the likely forum for leading the effort to resolve questions about services provided between the two organizationsand the associated costs.
R23	Recommendation No. 23: The UNOPS Executive Director should ensure that the MOU includes sufficient detail to enable UNOPS to compare the cost effectiveness of having the services provided by UNDP, to alternative approaches. The information should then be used as a basis for future decisions regarding the breadth of services to be provided by UNDP.	UNDP Services	
R24	Recommendation No. 24: UNOPS Executive Director should take the necessary actions to ensure, in instances where UNOPS requires "non-standard" services from UNDP country offices, that details of services to be provided and costs to be charged, are negotiated in advance of services being rendered. The protocol for such negotiations should strive to minimize the level of effort required by both UNOPS and UNDP personnel to establish a fair and transparent arrangement.		
R25	Recommendation No. 25: The UNOPS Executive Director should ensure that any future disputes arising between UNOPS and UNDP Country Offices related to this newly signed MOU are, in both theory and practice, resolved quickly with minimal effort from both organizations, and swift escalation to higher levels.	UNDP Services	